

2011 MUNICIPAL CANDIDATE CAMPAIGN FINANCE GUIDE

**Prepared by the Campaign Finance Division of the North Carolina State
Board of Elections**

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I. Introduction

The information provided in this Guide is relevant to candidates that are seeking offices in municipal elections. Other political committees should refer to the website of the State Board of Elections for information relevant to their committee type. Please contact your local county board of elections with any questions or you may contact the staff of the State Board of Elections for assistance.

The statutes relevant to municipal candidate campaign finance are included in Article 22A of Chapter 163 of the North Carolina General Statutes. These statutes can be reviewed at the following link:

<http://www.ncga.state.nc.us/gascripts/statutes/Statutes.asp> . You will need to enter “163” in the “Look up” box and scroll down to Article 22A.

If changes to this document or additions are needed due to legislative changes occurring, we will make those changes available to your county board of elections and post them on the Campaign Finance section of the website of the State Board of Elections.

II. Organizing the Committee

A. When is a candidate required to set up their committee?

An individual must have filed their organizational paperwork with their county board of elections within 10 days of making a public announcement of their candidacy, receiving or spending any money in support of their candidacy or filing a notice of candidacy, **whichever occurs first**.

B. What is required to set up the committee?

The organizational paperwork must include:

- Statement of Organization-Candidate Committee (CRO-2100A)
- Certification of Treasurer (CRO-3100)
- Certification of Financial Account Number Information (CRO-3500)

If the candidate intends to raise or spend more than \$1,000:

- Organizational Report containing Disclosure Report Cover form (CRO-1000), Detailed Summary form (CRO-1100) and any additional forms to disclose activity.

If the candidate does not intend to raise or spend more than \$1,000:

- Certification of Threshold (CRO-3600)

The Designation of Committee Funds form (CRO-3900) is not required to be filed but should be filed by the candidate to ensure proper designation of committee funds if the candidate dies before the committee is closed.

C. What is treasurer training and who is required to complete the training?

Treasurer training is a course that provides instruction on campaign finance disclosure filing and compliance. The training is conducted in group sessions at the State Board of Elections and at regional locations at various times during the year. Additionally, it can be completed online. Visit our website for details. All treasurers MUST complete treasurer training within three months of appointment and once every four years.

III. Disclosure Reporting

A. Are all candidates required to file disclosure reports?

Candidates that did not file a Certification of Threshold at the time of organization must file disclosure reports.

B. When do I file disclosure reports?

The type of municipal election will determine the reporting schedule for filing disclosure reports. Your county board of elections will provide you a reporting schedule and advise you of the relevant schedule for your election.

C. Will I receive notice for the reports I am required to file?

Yes. The county board of elections will provide notice to each candidate committee that is required to file disclosure reports within no less than five days or more than 15 days before each report is due.

D. What is included in a disclosure report?

All disclosure reports will always include the Disclosure Report Cover form (CRO-1000) and the Detailed Summary form (CRO-1100). If contributions have been received, expenditures made or debts incurred, additional forms containing those transactions would be included with the report. A helpful hint to remember when completing disclosure reports using our paper forms is that the Detailed Summary form (CRO-1100) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even simpler.

E. What methods are available for filing disclosure reports?

Disclosure reports can be filed on paper using our paper or editable forms found on our website at www.sboe.state.nc.us under the Campaign Finance section. These reports can also be filed electronically by downloading our filing software at the same website.

F. Are there penalties for filing disclosure reports late?

Yes. Committees will be assessed civil penalties for reports that are not received or postmarked by the report due date. A candidate committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the Committee made any contributions to or in support of a statewide candidate or received any contributions from a statewide candidate. If the candidate committee did file a report that affected a statewide election, the Committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in a committee's active status being terminated. Once the committee's active status is terminated, the committee is not eligible to receive contributions or make expenditures.

IV. Regulations

A. What are the regulations regarding contributions?

- A contribution is anything of value given to support the candidate/candidate committee. Candidates required to file disclosure reports must report all contributions. Intentionally failing to report contributions is a felony. (If a contributor contributes \$50 or less for the entire election period, the required contributor information is not required to be reported. Only the date, amount and method of payment for the contribution must be reported.) *Please note:* All contribution information must be maintained even if reporting is not required.
- Only individuals, other NC political committees and qualified entities may make contributions to a candidate committee.
- The contribution limit is \$4,000 per election. This means from the day after the last election for the office being sought through the day of the election, a candidate committee could receive \$4,000 from an individual or other qualified contributor. If there is a primary or run-off election, an additional \$4,000 could be received for those elections. The candidate, the candidate's spouse, parents and siblings can give unlimited amounts to the candidate committee. Recognized political party committee executive committees may give unlimited contributions to the candidate committee. [The Town of Chapel Hill has more restrictive contribution limitations.]
- Contributions from corporations, business entities, labor unions, professional associations, and insurance companies are prohibited. Unregistered political committees are also prohibited from making contributions.
- Anonymous contributions are prohibited. This includes any funds (contributions) raised for which contributor contact information is not obtained, such as "pass the hat" collections, hot dog fundraisers or other events where contributions are collected without getting the name of the

contributor. Even if the contributor name is not required to be reported the information must be maintained by the treasurer.

- All contributions over \$50 must be made with a verifiable form or payment. No cash contributions over \$50.
- No contribution can be given in the name of another person or political committee.

All prohibited contributions must be forfeited to the NC Civil Penalty and Forfeiture Fund. Knowingly receiving prohibited contributions could subject the violator to criminal penalties.

B. What are the regulations regarding expenditures?

- Candidate committees can only make expenditures if they meet one of the nine permissible purposes:
 - (1) Expenditures resulting from the campaign for public office by the candidate or candidate's campaign committee.
 - (2) Expenditures resulting from holding public office.
 - (3) Donations to an organization described in section 170(c) of the Internal Revenue Code of 1986 (26 U.S.C. § 170(c)), provided that the candidate or the candidate's spouse, children, parents, brothers, or sisters are not employed by the organization.
 - (4) Contributions to a national, State, or district or county committee of a political party or a caucus of the political party.
 - (5) Contributions to another candidate or candidate's campaign committee.
 - (6) To return all or a portion of a contribution to the contributor.
 - (7) Payment of any penalties against the candidate or candidate's campaign committee for violation of this Article imposed by a board of elections or a court of competent jurisdiction.
 - (8) Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
 - (9) Legal expense donation not in excess of four thousand dollars (\$4,000) per calendar year to a legal expense fund established pursuant to Article 22M of Chapter 163 of the General Statutes.
- If the candidate committee is required to file disclosure reports, all expenditures must be reported.

- Any expenditure that is made for media purposes must be paid by check or other verifiable form of payment. All expenditures over \$50 must be made with a verifiable form of payment.
- Expenditures for non-media purposes that are less than \$50 may be reported without disclosing the payee. The other required information must be reported.

C. Helpful Hints...

- Don't pass the hat or collect contributions without obtaining contributor name.
- Don't accept cash from a contributor in excess of \$50.
- Don't accept a contribution, including an inkind contribution, from a business, corporation, professional association, labor union or insurance company.
- A person that purchases a hot dog from a candidate fundraiser has made a contribution to that candidate's committee and that person's contribution would need to be disclosed.
- Volunteers raising contributions on behalf of the committee must turn those over to the treasurer within seven days so that the records are current as required by law.

V. Media requirements

A. What is a legend?

A legend is the disclosure statement included on print media, TV and radio advertisements. "Paid for by...."

B. What print media advertisements require the legend?

Newspaper ads, newspaper inserts, airplane streamers, pamphlets, billboards, sound truck advertising, portable signs (lighted or non-lighted; some on wheels to be pulled around), periodicals, TV ads, radio ads, outdoor advertising facilities, magazines, cards, fliers, mass mailings (2,500 households, cumulative per election).

C. Are there print media advertisements that do not require the legend?

Yes. Buttons, bumper stickers, yard signs, window posters (approximately 14 x 22 inches and posters used in stores, on states in yards, etc.), barn posters made at generally no cost (3 x 5 ft.), campaign paraphernalia such as balloons, shopping bags, nail files, etc., imprinted with a campaign message.

D. Am I required to put the legend on a palm card?

Yes.

E. What are the size requirements for the legend?

For print media, the legend must be 5% the printed space of the ad or 12 point type, whichever is greater. For TV, the visual disclosure legend must be 4% of vertical picture height. For radio, the disclosure statement must last at least two seconds, provided the statement is spoken so that its contents may be easily understood.

F. What information must be included in the legend statement?

Please refer to pages 109- 114 of the 2010 Campaign Finance Manual that is available on the website. This manual is currently being updated for 2011. These updates have not been made due to the continuing legislative session.

